Securitization/ Reconstruction Companies (SC/RCs) are registered with them. RBI has no direct role in the appointment of members of Board of Directors of SC/RCs. However, these companies are required to report to the RBI the names of directors at the time of seeking Certificate of Registration and subsequent changes, if any. RBI carries out due diligence of such individuals. The Directors of Asset Reconstruction Companies (ARCs) need to have adequate professional experience in matters related to finance, securitization and reconstruction. The bank has no information about salary and perks payable to the Board Members.

As per the information available with RBI there are total 87 members of the Board of Directors in the eleven SC/RCs. Out of 87 members 30 members have been associated with various banks, of which 6 members are associated with Private Sector Banks. Of the 30 Directors who are/were associated with banks, 26 Directors are retired personnel, whereas 4 Directors are sponsor director still working with the bank.

Harassment by recovery agents

394. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently the Supreme Court took serious note of growing complaints of extra-legal methods used against loan defaulters and warned that banks must respect the Law of the Land and told banks as well as Financial Institutions to strictly follow the 10 points Reserve Bank of India (RBI) guidelines; and

(b) if so, what stringent measures are proposed to be taken by Government to put an end to this unending continuous menace of ruthlessness, inspite of mandating strict guidelines by the R.B.I.?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Hon'ble Supreme Court, on an appeal (no.900 of 2008) filed by ICICI Bank Ltd. has observed that Banks would, in the normal course ensures that their employees for agents also adhere to the above guidelines during the loan recovery process.

In the Mid-Term Review of Annual Policy Statement (dated November 30, 2007), RBI has observed that in view of the rise in the number of litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity could result in serious reputational risk for the banking sector as a whole. Reserve Bank of India (RBI) has urged banks to follow prescribed guidelines while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive Practices), for engaging recovery agents, on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/ Officers with regard to the abusive practices followed by their recovery agents.

RBI has issued guidelines on 24th April, 2008 on recovery agents engaged by banks. The RBI has advised the banks to ensure verification of antecedents of employees of recovery agencies engaged by them. Police verification has been suggested as one of the pre-employment due diligence measures. RBI has also stipulated that all recovery agents should undergo a training-cum-certification programme offered by Indian Institute of Banking and Finance (IIBF).

Further guidelines have also been issued by RBI on Fair Practice for lenders. IBA has formulated a "Model Code for collection of dues and repossession of Security". The code of Bank's commitments to customers has also been formulated by the Banking Codes and Standards Boards of India (BCSBI). All these guidelines emphasise the fact that the collection policy of the Bank should be build on courtesy, fair treatment and persuasion and the bank follows security repossession policy in consonance with Law.

Waiving of debt of States

†395. SHRI LALIT KISHORE CHATURVEDI:
DR. GYAN PRAKASH PILANIA:

Will the Minister of FINANCE be pleased to state:

(a) the total debt of States till now since the introduction of formula of 70 per cent debt and 30 per cent grant to the State, State-wise;

(b) how much debt has been waived under the scheme of waiving debt of States;

(c) when the same was done with the reasons therefor;

(d) whether Government would like to extend this principle in Defence, Railways, Transport and Information Technology sectors also;

(e) if not, the reasons therefor; and

(f) what is the genesis of this principle and whether that is being fulfilled?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The total debt of States outstanding to Government of India (Ministry of Finance) against the loan given by Government of India for Plan schemes under 70:30 loan grant ratio for General Category States and 10:90 loan grant ratio for Special Category States as on 31.3.2005 amounts to Rs.1,18,408.41 crore.

(b) Debt waiver have been awarded to the extent of Rs. 3,984.35 crore to 15 States for 2005-06, Rs.4,691.56 crore to 20 States for 2006-07 and Rs. 4,609.55 crore to 18 States for 2007-08.

(c) Debt waiver was given to States under the "Debt Consolidation and Relief Facility" recommended by the Twelfth Finance Commission (2005-10), for 2005-06, 2006-07, 2007-08, subject to States:

(i) enacting Fiscal Responsibility and Budget Management Acts with suggested core provisions (required, in any case for Debt Consolidation);

†Original notice of the question was received in Hindi.